

ECONOMIC DEVELOPMENT COMMITTEE

DATE: October 20, 2004

CALLED TO ORDER: 5:05 p.m.

ADJORNED: 5:30 p.m.

ATTENDANCE

ATTENDING MEMBERS

Joanne Sanders, Chair
Patrice Abdullah
Lonnell Conley
Mary Moriarty Adams
Virginia Cain

ABSENT MEMBERS

Marilyn Pfisterer
Isaac Randolph

AGENDA

PROPOSAL NO. 521, 2004: nominates George Pillow as a candidate for the Economic Development Commission
"Do Pass" Vote 5-0

PROPOSAL NO. 570, 2004: approves an increase of \$2,000,000 in the 2004 Budget of the Office of the City Controller (Redevelopment General Fund) to fund an economic development project at the Indianapolis Maintenance Center (IMC) at the airport, financed by savings related to refunding of the United Airlines bond issue
"Do Pass as Amended" Vote 5-0

ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee of the City-County Council met on Wednesday, October 20, 2004. Joanne Sanders, Chair, called the meeting to order at 5:05 p.m. with the following members present: Patrice Abdullah, Virginia Cain, Lonnell Conley and Mary Moriarty Adams. Councillor Dane Mahern and Council CFO Kent Burrow were also present.

PROPOSAL NO. 521, 2004: nominates George Pillow as a candidate for the Economic Development Commission

Chair Sanders asked George Pillow to give the Committee some background on himself and state his interest in serving on the Economic Development Commission.

Mr. Pillow said he was born and raised in Indianapolis and he owns a business in the City. He was a local athlete at Shortridge High School and was recently inducted into the Indiana Basketball Hall of Fame. Mr. Pillow said he started his third company, which is a courier logistics company, in 1988. The company, Pillow Express, does business with 50 - 60% of the major companies in Indianapolis. Mr. Pillow said he has offices in Bloomington, IN and Cincinnati, OH. Mr. Pillow said prior to opening his business he was an executive assistant to Governor Bob Orr, and he spent ten years with the Xerox Corporation.

Mr. Pillow said he has an interest in serving on the Commission because Councillor Phil Borst asked him to serve and because he is concerned about what happens in Indianapolis since it affects his business. He said he also has an interest because the Commission also affects the diversity program that Mayor Bart Peterson has put in place and pushes diligently, as is evidenced by the Midfield Terminal Project. He said the project will have a big diversity piece because of the work of Lacy Johnson as well.

Mr. Pillow said he is interested in Indianapolis and the State of Indiana because it is a great place to live and he wants to see it do well.

Chair Sanders explained to Mr. Pillow that his nomination is subject to the approval of the Mayor and asked if he were willing to serve the full term. Mr. Pillow answered in the affirmative and asked for the length of a full term. Chair Sanders said the term ends January 1, 2005, and it will be extended at that point.

Councillor Abdullah, said he has known Mr. Pillow for a long time and he is happy to see him nominated for the position because he will bring a lot to the Commission.

Councillor Conley said Mr. Pillow is a fine human being and he will be a great asset to the Commission. Councillor Conley thanked Mr. Pillow for serving on the volunteer committee.

Councillor Moriarity Adams moved, seconded by Councillors Conley and Abdullah, to send Proposal No. 521, 2004 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

Mr. Pillow thanked the Committee and said he wants the Committee to be proud they selected him.

PROPOSAL NO. 570, 2004: approves an increase of \$2,000,000 in the 2004 Budget of the Office of the City Controller (Redevelopment General Fund) to fund an economic development project at the Indianapolis Maintenance Center (IMC) at the airport, financed by savings related to refunding of the United Airlines bond issue

Melina Kennedy, Deputy Mayor of Economic Development, stated that AAR Corporation is now housed in the IMC and has employees there. She acknowledged the presence of Jean Weiss and Henry Sickles with the Airport Authority and BAA at the meeting. Ms. Kennedy said after United Airlines vacated the facility, there was a 1.1 million square foot facility left and the City, State and Airport Authority joined together to identify a new tenant. She said in May, AAR, headquartered in Woodale, IL, chose the IMC to do repairs and maintenance on aircraft. She said AAR could lease up to 10 hangars and the Airport Authority can lease the remaining space to other tenants, including the back shop, the supply area and the remaining two hangars. She said they are still trying to get other tenants to lease in the facility.

Ms. Kennedy said according to the lease, AAR will hire up to 800 people in the next several years. That number is realistic, but it is a conservative projection. She said when the facility was first marketed, the size was a disadvantage when compared to other hangars, particularly those in warmer climates with less operational costs. That means some of the existing advantages were also limiting. Ms. Kennedy said some adjustments had to be made to the facility to make it competitive, incurring some capital costs. She said AAR has a major operation in Oklahoma and could have expanded there. Bringing AAR to Indianapolis was an aggressive move. She said through a refinance of the original United Airlines bonds, the City was able to realize some savings which will be used to make the facility compatible for the new tenant. The savings is the source of the \$2 million proposal before the Committee. She said the State of Indiana did a similar refinancing of its bonds and contributed \$5 million in addition to some tax credits through the Economic Development for a Growing Economy (EDGE) program.

Ms. Kennedy said AAR held a Jobs Fair earlier this summer and is in the process of going through interviews so more people will be on board when the first aircraft rolls in.

Chair Sanders asked if there was an estimated date for when the first aircraft will roll in. Ms. Kennedy said AAR has estimated it will be the end of this year or early next year. She said that is a quick turnaround, and AAR is in the process of speaking with their clients.

Councillor Abdullah asked for more clarification on the tax credits and abatements that AAR received. Ms. Kennedy said the City only put in cash dollars from refinancing the United bonds, which is the \$2 million that the Council is considering. She said the City did not provide additional tax abatements or tax incentives at the local level, in part because the facility is owned by the Airport Authority and the facility was built through a bond issue. She said the facility does not qualify for tax abatements. She said the tax credits offered were in the form of payroll deduction taxes from the state EDGE tax credit program. The EDGE program is specific to employees that are hired and the credits don't come to fruition until an employee is hired and then the company takes the payroll reduction.

Councillor Cain asked if the \$2 million would be used for certain items or for expenditures to get the building ready for a new tenant. Ms. Kennedy said it will go through the Airport Authority specifically for accommodations. Councillor Cain asked if AAR has made a good faith effort in wanting to stay in Indianapolis. Ms. Kennedy said the City was let down when United left and they feel good about AAR and its stance in the airport industry. She said AAR is large, publicly traded and stable. She said it serves military as well as commercial carriers.

Councillor Conley said he was satisfied with the presentation that was made earlier in the summer. He thanked AAR for coming to Indianapolis and said he hopes they are a good faith company.

Councillor Moriarty Adams said Section 5 states "2004 remaining appropriations" will be \$1.2 million. She asked if it was from the Redevelopment General Fund. Katie Aeschliman, Senior Financial Analyst with the Controller's Office, answered in the affirmative.

Councillor Abdullah said he wanted to make the point that there will be an effort to bring in entry-level jobs. He said he was impressed that the facility could hold up to 6500 employees.

Chair Sanders asked Ms. Aeschliman and Amy McFadden, Deputy Controller, to come forward for questions from the Committee. Ms. McFadden said she was offering a technical correction to the proposal to better reflect the revenue projections (Exhibit A) in Section 5. Chair Sanders said the amendment is identifying additional revenues for the proposal. In addition it corrects a math error.

Councillor Moriarity Adams moved, seconded by Conley and Abdullah, to "Amend" Proposal No. 570, 2004 as per Exhibit A. The motion carried by a vote of 5-0.

Chair Sanders called for public testimony.

Mary Anderson, Wayne Township Director for the Marion County Alliance for Neighborhood Associations (MCANA), testified that she was not against the proposal, but she has concerns about the use of the facility and promises made. She said her concerns relate to Wayne and Decatur Townships. Ms. Anderson said a tax increment finance (TIF) district was carved out of Wayne and Decatur Townships for the original bond repayment. The City bore a great deal of the cost and the State and Hendricks County bore the other costs. The Township people were not asked what they wanted and if it was a good idea. The TIF district still exists and bond money is going out of the district. Ms. Anderson said part of the money could have gone towards schools, fire departments and poor relief. She said the airport and the land are not on the tax roll, and it is a burden for the people of Decatur and Wayne Townships. She said they are concerned, will watch the project, and want accountability. She said the taxpayers in Wayne and Decatur have to make up the slack to pay for schools, fire services and poor relief. She stated that she hopes the project is a success and the employment levels exceed the 800 projected.

There being no further testimony or questions from the Council, Councillor Conley moved, seconded by Councillor Abduallah, to send Proposal No. 570, 2004 to the full Council with a "Do Pass as Amended" recommendation. The motion carried by a vote of 5-0.

Chair Sanders thanked everyone for attending the meeting at the IMC and stated that holding meetings in the community sometimes help to increase awareness of issues at the Council level.

CONCLUSION

With no further business, and upon motion duly made, the Economic Development Committee of the City-County Council was adjourned at 5:30 p.m.

Respectfully Submitted,

Joanne Sanders, Chair

JS/csp